

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
NEW ALBANY DIVISION

IN RE:)	Chapter 11
)	
EASTERN LIVESTOCK CO., LLC,)	Case No. 10-93904-BHL-11
)	
Debtor.)	Hon. Basil H. Lorch III

**FOURTH INTERIM APPLICATION OF DEVELOPMENT SPECIALISTS, INC. FOR
COMPENSATION AND REIMBURSEMENT OF EXPENSES
AS CONSULTANT FOR JAMES A. KNAUER, CHAPTER 11 TRUSTEE**

James A. Knauer, the chapter 11 trustee (the "Trustee") appointed in this case, files this fourth interim application (the "Application") on behalf of Development Specialists, Inc. ("DSI") for the allowance and payment of DSI's fees as consultant for James A. Knauer, the chapter 11 trustee (the "Trustee") appointed in Eastern Livestock Co., LLC and for reimbursement of out-of-pocket expenses incurred on behalf of the Trustee. In support of this Application, the Trustee states as follows:

1. Certain petitioning creditors commenced the above-captioned chapter 11 case ("Chapter 11 Case") against Debtor on December 6, 2010 ("Petition Date") by filing an involuntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. ("Bankruptcy Code"). This Court entered the *Order For Relief In An Involuntary Case And Order To Complete Filing* [Docket #110] on December 28, 2010.
2. On December 27, 2010, the Court entered the *Order Approving The Appointment Of James A. Knauer As Chapter 11 Trustee* [Docket #102] ("Trustee Order"), approving the United States Trustee's *Notice Of Appointment And Application for Order Approving Appointment of Trustee* [Docket #98] pursuant to 11 U.S.C. § 1104.
3. This Court, by order dated February 8, 2011 [Docket #257], approved the Trustee's retention of DSI as the Trustee's consultant.
4. On December 17, 2012, the Court entered *Finding of Fact, Conclusion of Law, and Order Under 11 U.S.C. §1129 (a) and (b) And FED.R.BANKR.P.3020 Confirming Trustee's First Amended Chapter 11 Plan of Liquidation as Immaterially Modified* [Docket#1644].

5. This Application is the fourth interim application filed on behalf of DSI seeking compensation and reimbursement of out-of-pocket expenses incurred by the consultant for the Trustee for the period November 1, 2012 through and including March 31, 2013.

6. As consultant to the Trustee, DSI performed a variety of services, all of which are described in detail in the time entries attached as Exhibit A. The services performed by DSI for and on behalf of the Trustee include, but are not limited to, the following categories:

- a. Fee Application/Client Billing. DSI prepared the third and fourth interim fee applications. DSI spent a total of 16.00 hours at a total cost of \$8,627.50 in connection with this category.
- b. Business Analysis. DSI prepared numerous analyses during the period including:
 - i. Maintenance of post-petition books and records of the Debtor;
 - ii. Preparation of weekly receipts and disbursements reports;
 - iii. Preparation of weekly and monthly operating and professional fee budgets;
 - iv. Preparation of estimated range of values of the Debtor's assets, and;
 - v. Analysis of source of cash received by the Debtor, including investigation of purchase money claims.

DSI spent 47.90 hours at a total cost of \$18,102.50 in connection with this category.

- c. Monthly Bankruptcy/Semi-Annual Reports. DSI prepared monthly operating reports in accordance with federal and local rules. DSI spent 14.70 hours at a total cost of \$5,595.50 in connection with this category.

- d. A/R Review/Collection. DSI continued efforts to assist the Trustee and his counsel in their efforts to collect accounts receivable. As a result of these efforts, substantial amounts of cash have been received and the Trustee has commenced litigation against a number of third parties for collection of additional amounts. DSI spent 63.60 hours at a total cost of \$25,061.00 in connection with this category.

- e. Preference Analysis. DSI analyzed transactions and disbursements preceding the filing of this bankruptcy case for ninety days for non-insiders and for two years for insiders. DSI's analysis provided the support for preference demands and litigation filed. DSI spent 296.60 hours for a total cost of \$112,409.50 in connection with this category.
- f. Claims Analysis. DSI researched issues raised by certain claimants as requested by the Trustee's counsel. DSI spent 7.00 hours for a total cost of \$2,736.00 in connection with this category.
- g. Managing Business Operations. DSI maintained the Debtor's office, supervised remaining staff, provided for record storage, coordinated disbursements and oversaw the downsizing and moving of the New Albany, IN, office to Louisville, KY. DSI spent 59.10 hours for a total cost of \$20,129.00 in connection with this category.
- h. Sale of Assets. DSI researched information on miscellaneous assets including notes receivable. DSI spent 11.00 hours for a total of \$4,090.50 in connection with this category.
- i. Secured Lenders/Cash Collateral. DSI provided representatives from Fifth Third Bank with periodic reporting of cash activity. DSI spent 2.60 hours for a total cost of \$1,005.00 in connection with this category.
- j. Litigation Support. DSI researched and responded to numerous requests from counsel relating to general litigation and responded to subpoena requests unrelated to specific litigation matters segregated below. DSI spent 8.50 hours for a total cost of \$3,171.50 for assisting with this category.

- k. Litigation Support – Seals/Downs. DSI responded to requests from counsel regarding this potential litigation. DSI spent 0.30 hours at a total cost of \$112.50 in connection with this category.
- l. Litigation Support – R. Nichols. DSI investigated and documented potential causes of action and amounts due from this former branch manager. DSI spent 28.80 hours totaling \$11,248.00 in connection with this category.
- m. Litigation Support – E. Edens. DSI investigated and documented potential causes of action and amounts due from this former branch manager. DSI spent 71.80 hours totaling \$25,108.50 in connection with this category.
- n. Litigation Support – Thomas P. Gibson. DSI analyzed documents supporting the allegation of a kiting scheme between the Debtor, Thomas P. Gibson and other insiders, and responded to information requests from T. Gibson's lenders. DSI also analyzed potential beneficiaries of the inappropriate transfers made to T. Gibson bank accounts. DSI spent 101.10 hours for a total cost of \$39,281.50 in connection with this category.
- o. Litigation Support – GP Cattle. DSI analyzed activities between Eastern Livestock and GP Cattle including its principal, Grant Gibson. DSI spent 93.40 hours for a total cost of \$35,798.00 in connection with this category.
- p. Litigation Support – SOLM. DSI provided analysis and documentation relating to SOLM litigation. DSI spent 10.80 hours for a total cost of \$4,254.00 in connection with this category.
- q. Litigation Support – Royal Beef. DSI analyzed transactions with Royal Beef to determine amounts owing and evaluate whether there is basis for litigation. DSI spent 17.90 hours for a total cost of \$6,894.50 in connection with this category.

7. DSI has reviewed its detailed time entries, and has attempted to eliminate double billing for conference time between DSI's timekeepers, except where the participation of the timekeepers has demonstrable benefit to the estate. Where possible and efficient, DSI encourages the use of lesser billing rate consultants to perform labor intensive tasks, with oversight and review by more experienced consultants.

8. Exhibit A provides the detail of the time entries for each DSI consultant who has performed services in this case. A summary of the fees requested by DSI for each consultant and the number of hours worked for each individual, the billing rate requested and the total fees claimed is set forth below.

Consultant	Hours	Hourly Rate	Total
P. O'Malley	8.50	550.00	\$4,675.00
P. O'Malley	5.50	575.00	3,162.50
A. J. Omori	215.40	375.00	80,775.00
A. J. Omori	166.20	385.00	63,987.00
S. L. Cuff	57.40	240.00	13,776.00
E. M. Lynch	398.10	395.00	157,249.50
	851.10		\$323,625.00

9. DSI has incurred and advanced the sum of \$1,048.20 for out-of-pocket expenses incurred in connection with this case on behalf of the Trustee during the period from November 1, 2012 through and including March 31, 2013. A summary of the out-of-pocket expenses incurred by DSI is set forth in Exhibit B.

10. DSI established certain category codes that cause related time to be grouped together to facilitate the review of the firm's requested fees by the Court, the United States Trustee, and creditors. Set forth below is a summary of the aggregate billings under the established categories for the period November 1, 2011 through and including March 31, 2013.

Category Name	Hours	Value
Fee Application/Client Billing	16.00	\$8,627.50
Business Analysis	47.90	18,102.50
Monthly Bankruptcy/Semi-Annual Reports	14.70	5,595.50
A/R Review/Collection	63.60	25,061.00
Preference Analysis	296.60	112,409.50
Claims Analysis/Objections	7.00	2,736.00
Managing Business Operations	59.10	20,129.00
Sale of Assets	11.00	4,090.50
Secured Lenders/Cash Collateral	2.60	1,005.00
Litigation Support – General	8.50	3,171.50
Litigation Support - Seals/Downs	.30	112.50
Litigation Support – Nichols	28.80	11,248.00
Litigation Support – Edens	71.80	25,108.50
Litigation Support - Thomas P. Gibson	101.10	39,281.50
Litigation Support – GP Cattle	93.40	35,798.00
Litigation Support – SOLM	10.80	4,254.00
Litigation Support – Royal Beef	17.90	6,894.50
GRAND TOTALS	851.10	\$323,625.00

11. Prior to the filing of the involuntary bankruptcy, Eastern Livestock had been placed in a state court receivership (November 10, 2010), Elizabeth M. Lynch of DSI was named Receiver and DSI was named the Receiver's financial advisor. After the involuntary bankruptcy, Ms. Lynch of DSI was appointed as Custodian until the Trustee was appointed. The Receiver and DSI filed a fee application for the period between the filing of the involuntary bankruptcy and the date of the appointment of the Trustee ("the Custodial Period") on February 9, 2011. Payment for the Custodial Period fee application, comprised of \$160,023.50 for fees and reimbursement of \$15,699.30 for expenses, has been received by DSI.

12. DSI filed its First Interim Fee Application on June 2, 2011. Payment for the first interim fee application, comprised of \$816,837.00 for fees and reimbursement of \$89,422.48 for expenses, has been received by DSI.

13. DSI filed its Second Interim Fee Application on November 11, 2011. Payment for the second interim fee application, comprised of \$468,708.75 for fees and reimbursement of \$54,610.91 for expenses, has been received by DSI.

14. DSI filed its Third Interim Fee Application on November 21, 2012 comprised of \$935,821.25 for fees and reimbursement of \$40,787.03 for expenses. DSI has received payment for 80% of allowed fees and 100% of allowed expenses.

15. This Application is the fourth application of DSI since its appointment as consultant for the Trustee in this case.

16. No agreement or understanding exists between DSI and any other person or entity for the sharing of compensation received for services rendered in connection with this case.

17. All services rendered and all expenses incurred for which compensation or reimbursement is sought have been rendered or incurred exclusively on behalf of the Trustee and represent necessary and proper financial advisory services in the administration of this chapter 11 case.

WHEREFORE, DSI requests (i) the Court to award an allowance of compensation for consulting fees in the amount of Three Hundred Twenty-Three Thousand, Six Hundred Twenty-Five and 00/100 Dollars (\$323,625.00) plus reimbursement for out-of-pocket expenses incurred in the amount of One Thousand Forty-Eight and 20/100 Dollars (\$1,048.20), and (ii) grant DSI all other just and proper relief.

Respectfully submitted,

KROGER, GARDIS & REGAS, LLP

By: /s/ James A. Knauer

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*Chapter 11 Trustee on behalf of Consultant,
Development Specialists, Inc.*

CERTIFICATE OF SERVICE

I hereby certify that on May 17, 2013, a copy of the foregoing pleading was filed electronically. Notice of this filing will be sent to the following parties through the Court's Electronic Case Filing System. Parties may access this filing through the Court's system.

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